Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Required Report - public distribution

Date: 6/6/2001

GAIN Report #AS1017

Australia

Wine

Competition Annual

2001

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Report Highlights:
Post forecasts total wine grape production to increase from 1,301 TMT in 2000/01 to 1,395 in 2001/02. The resulting increased wine production is expected to increase wine exports 21 percent in 2000/01 and 12 percent in 2001/02. Exports will approach 40 percent of production in 2001/02.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Canberra [AS1], AS

Executive Summary

Post has put wine grape production in 2000/01 at 1,301 TMT. Increased production is due to an increase in planted area and an increase in yield from red varieties.

ABARE has forecast production for 2001/02 at 1,395 TMT, an increase of around 7 percent on post's estimate for the previous year.

Non bearing area accounted for 22 percent of plantings in 1998/99 . This compares with just 9 percent for 1993/94.

Large areas planted to wine grapes are expected to come into production with plantings increasing from an estimated 115,000 Ha in 2000/01 to 150,000 Ha in 2005/06. This is projected to increase production from post's estimate of 1,301 TMT for 2000/01 to 1,683 TMT by 2005/06.

Per capita wine consumption has increased from six liters in the mid 1960s to a projected 21.4 liters in 2004/05, according to ABARE.

Domestic wine sales have increased steadily between 1995/96 and 1999/2000 at an annual average rate of over four percent per annum.

Wine grape prices during 2000/01 season were relatively flat. The nominal price for Cabernet Sauvignon as quoted by ABARE fell 5 percent to A$825/MT while Chardonnay increased by around four percent to A$685/MT.

Total exports for CY 2000 increased by 22 percent in volume and nearly 27 percent in value assisted by a weaker exchange rate. Exports to the UK increased by 18 percent to 1,497,670 HL accounting for 48 percent of Australia's total exports. Exports to the US increased 43 percent to 602,809 HL accounting for 19 percent of Australia's total exports.

Production

PSD Table						
Country	Australia					
Commodity	Wine				(1000 MT)(1000 HL)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
TOTAL Grape Crush	1150	1129	1315	1301	0	1395
Begin Stock (Ctrl App)	0	0	0	0	0	0
Begin Stock (Other)	0	0	0	0	0	0
TOTAL Beginning Stocks	2573	2573	4150	3944	6273	5778
Prod. from Wine Grapes	6458	6363	8040	7807	0	8385
Prod. from Tabl Grapes	1592	1540	1180	1300	0	1280
TOTAL PRODUCTION	8050	7903	9220	9107	0	9665
Intra-EU Imports	0	0	0	0	0	0
Other Imports	200	205	163	131	0	100
TOTAL Imports	200	205	163	131	0	100
TOTAL SUPPLY	10823	10681	13533	13182	6273	15543
Intra-EU Exports	0	0	0	0	0	0
Other Exports	2910	2849	3460	3361	0	3770
TOTAL Exports	2910	2849	3460	3361	0	3770
Dom.Consump(Cntrl App)	0	0	0	0	0	0
Dom.Consump(Other)	3763	3888	3800	4043	0	4205
TOTAL Dom.Consumption	3763	3888	3800	4043	0	4205
End Stocks (Cntrl App)	0	0	0	0	0	0
End Stocks (Other)	4150	3944	6273	5778	0	7568
TOTAL Ending Stocks	4150	3944	6273	5778	0	7568
TOTAL DISTRIBUTION	10823	10681	13533	13182	0	15543

The Australian wine grape and wine industry has grown significantly in the last decade. According to the Australian Wine and Brandy Corporation (AWBC), during this time the number of wineries in Australia has nearly doubled with exports increasing five fold. Australia still has large areas of vines planted but yet to come into production. ABARE has projected significant increases in production out to 2005/06.

ABARE estimates put wine grape production for 2000/01 at 1,284 TMT, an increase of around 14 percent on ABARE's adjusted figure for the previous year. This estimate was reported in March 2001. A more recent report by the AWBC puts production at a record 1,301 TMT, an increase of 15 percent on the previous years crush. Post consider this figure to be more accurate and so has put wine grape production at 1,301 TMT. Increased production is due to an increase in planted area and an increase in yield from red varieties.

Industry reports that the 2000/01 season was characterized by two distinct weather events. Good winter and spring rains across the major producing regions promoted vine and canopy growth. However, hotter than average conditions during the summer reduced yield potential, particularly among the earlier ripening white varieties. The later maturing red varieties benefitted from the hotter and dryer conditions and industry estimates both production and quality of red varieties improved as a result.

ABARE has forecast production for 2001/02 at 1,395 TMT, an increase of around 7 percent on post's estimate for the previous year. This increase assumes average weather conditions and is expected to be driven by new vines coming into production. Non bearing area accounted for 22 percent of plantings in 1998/99 . This compares with just 9 percent for 1993/94.

Large areas planted to wine grapes are expected to come into production with plantings increasing from an estimated 115,000 Ha in 2000/01 to 150,000 Ha in 2005/06. This is projected to increase production from post's estimate of 1,301 TMT for 2000/01 to 1,683 TMT by 2005/06.

Australian Wine Production	
(1000 HL)	
1996/97	5,568
1997/98	6,657
1998/99	7,707
1999/2000	7,903
2000/2001 (e)	9,107
2001/2002 (f)	9,765

The information in the above table was obtained using the ABARE total wine grapes crushed figure and a conversion factor of 0.7. (e) is a post estimate using Australian Wine and Brandy Corporation figures. (f) is the ABARE forecast figure.

The breakdown of wine production by type is not available, however, ABARE provides the following table which details wine grape production by category.

PROJECTED WINE GRAPE PRODUCTION, BY CATEGORY (METRIC TONS)				
	Estimated production	Projected production		
	1999/00	2000/01	2001/02	2002/03
White Wine Grapes				
Premium (a)	398,000	443,000	455,000	466,000
Non-premium (b)	19,000	25,000	25,000	26,000
TOTAL	417,000	468,000	480,000	492,000
Red Wine Grapes				
Premium (c)	488,000	611,000	700,000	756,000
Non-premium (d)	29,000	40,000	45,000	49,000
TOTAL	517,000	651,000	745,000	805,000
Multipurpose grapes for wine making (e)	154,000	130,000	128,000	122,000
Other (f)	41,000	36,000	42,000	48,000
Total grapes for wine making	1,129,000	1,284,000	1,395,000	1,466,000

Source: ABARE Wine Grapes report (December 2000).
(a) Chardonnay, Chenin blanc, Colombard, Muscadelle, Riesling, Sauvignon Blanc, Semillon, Traminer and Verdelho. (b) Crouchen, Doradillo, Frontignac, Palomino and Trebbiano. (c) Cabernet Franc, Cabernet Sauvignon, Merlot, Malbec, Pinot Noir, Ruby Cabernet and Shiraz. (d) Grenache and Mataro. (e) Muscat Gordo Blanco and Sultana.

This table provides a graphic illustration of the forecast increase in the supply of grapes for wine making. Total wine grape production is forecast to increase from 1,129 TMT in 1999/00 to 1,466 TMT in 2002/03 representing a projected increase in production of 30 percent and is driven by a projected 56 percent increase in red varieties and an 18 percent increase in white varieties.

Consumption

The following table lists domestic wine sales and imports for the years 1995/96 to 1999/2000.

DOMESTIC WINE SALES & IMPORTS, BY TYPE (HL)					
	1995/96	*1996/97*	*1997/98*	*1998/99*	*1999/00p*
DOMESTIC SALES OF AUSTRALIAN WINE					
Table wine	2,473,000	2,685,000	2,769,000	2,874,000	3,071,000
Dry red and rose	686,000	837,000	874,000	991,000	1,141,000
Dry white and sweet	1,787,000	1,848,000	1,895,000	1,883,000	1,930,000
Sparkling wine	301,000	321,000	311,000	326,000	325,000
Bottle-fermented	229,000	229,000	223,000	203,000	182,000
Bulk	72,000	92,000	88,000	123,000	144,000
Carbonated wine	31,000	34,000	32,000	14,000	35,000
Total unfortified wine	2,805,000	3,039,000	3,111,000	3,215,000	3,432,000
Sherry	97,000	90,000	84,000	na	na
Port	161,000	165,000	150,000	na	na
Other	1,000	1,000	12,000	na	na
Fortified wine	259,000	256,000	246,000	239,000	230,000
Other wine, inc. Vermouth	12,000	32,000	31,000	30,000	31,000
TOTAL	3,075,000	3,328,000	3,388,000	3,483,000	3,693,000
WINE IMPORTS					
Table wine	166,000	101,000	214,000	201,000	141,000
Sparkling wine	27,000	24,000	30,000	29,000	38,000
Fortified wine	1,000	1,000	1,000	1,000	7,000
Other	8,000	10,000	10,000	11,000	10,000
Total	203,000	136,000	256,000	243,000	196,000
Total sales of wine in Australia	3,278,000	3,464,000	3,644,000	3,726,000	3,889,000

Source: ABARE

Australian wine consumption has increased and become more sophisticated over the past three decades. The influx of migrants from countries where wine drinking was accepted practice helped increase consumption in the late 1960s. During the 1970s the introduction of the four liter wine cask helped accelerate growth, as did the mass marketing campaigns undertaken by large wine companies. The availability of new grape varieties in the late 1970s and early 1980s increased the range of wines available. An increase in the number and type of restaurants also helped boost wine consumption. These developments combined to help per capita consumption increase from six liters in the mid 1960s to a projected 21.4 liters in 2004/05, according to ABARE.

Domestic wine sales have increased steadily between 1995/96 and 1999/2000 at an annual average rate of over four percent per annum.

The Australian wine market is considered as being mature and movements in the types of wine sold demonstrate changing consumer preferences. Sales of table wine during 1999/2000 increased by four percent to a record of 3,889,000 HL.

A general trend is emerging where wine consumption is increasing moderately while consumers are paying higher prices for higher quality wine. This trend is expected to continue.

PER CAPITA CONSUMPTION OF WINE	
(Liters/head)	
1978/79	14.7
1988/89	20.2
1990/91	17.7
1991/92	18.6
1992/93	18.2
1993/94	18.5
1994/95	18.2
1995/96	18.1
1996/97	18.7
1997/98	19.5
1998/99	19.8
1999/2000 (f)	19.9

The above table indicates that wine consumption has modestly increased in recent years. Per capita beer consumption has shown a steady decline, falling from around 136 liters in the mid 1970s to under 95 liters in 1997/98. Per capita consumption of spirits has remained steady over the same period.

Prices

Wine grape prices during 2000/01 season reflected the general supply and demand conditions for wine, with prices for wine grapes remaining relatively flat. The nominal price for Cabernet Sauvignon as quoted by ABARE fell 5 percent to A$825/MT while Chardonnay increased by around four percent to A$685/MT. It appears prices are beginning to stabilize following large falls of around 24 percent for Cabernet Sauvignon and 15 percent for Chardonnay for 1999/2000.

ABARE has forecast prices for Cabernet Sauvignon to fall another eight percent in 2001/02 and Chardonnay to remain unchanged.

Trade

Historically the UK, US and New Zealand have been Australia's three main export markets. However, in recent years exports to New Zealand have remained relatively static while exports to the UK and the US have increased dramatically. These two countries accounted for around 67 percent of all wine exports from Australia.

Total exports for CY 2000 increased by 22 percent in volume and nearly 27 percent in value assisted by a weaker exchange rate.

Exports to the UK increased by 18 percent to 1,497,670 HL accounting for 48 percent of Australia's total exports. This increase was driven by a 21 percent increase in white wine and a 29 percent increase in red wine. Exports of champagne to this destination fell by 40 percent.

Exports to the US increased 43 percent to 602,809 HL accounting for 19 percent of Australia's total exports. This increase was driven by a 29 percent increase in exports of white wine and a 59 percent increase in exports of red wine. Exports of champagne fell by 22 percent. It is interesting to note however, that while the US accounted for 19 percent of total exports, it accounted for 27 percent of export income.

Exports of sparkling wine although only accounting for one percent of exports doubled in CY 2001. Export markets such as the US and New Zealand increased by around four fold.

Post has forecast total exports to increase 18 percent in 2000/01 and 12 percent in 2001/02 in line with ABARE estimates and so is expecting the current trends in export volumes to continue.

Wine imports have traditionally comprised less than five percent of the volume of domestic wine sales although during 1997-98 imports reached seven percent. However higher production and higher stocks in more recent times have effectively displaced imports.

EXPORTS BY DESTINATION
(HL &A$'000)

	1998		1999		2000	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
White Wine						
United Kingdom	500,320	213,715	632,820	253,739	763,295	293,936
United States	159,890	89,713	176,220	96,764	226,943	129,075
New Zealand	118,120	17,405	68,870	16,307	95,325	18,947
Germany	18,110	6,946	39,490	16,746	50,514	17,316
Canada	33,900	15,687	38,200	17,960	51,572	24,038
Other	155,380	64,283	170,660	73,851	214,481	87,123
Total	**985,720**	**407,749**	**1,126,260**	**475,367**	**1,402,130**	**570,435**

	1998		1999		2000	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Red Wine (incl Rose)						
United Kingdom	381,830	207,708	534,910	273,443	689,678	341,921
United States	168,134	126,293	230,400	168,151	365,934	283,490
New Zealand	74,140	29,489	85,580	38,116	91,723	42,942
Germany	26,130	13,038	53,270	28,335	74,127	36,100
Canada	40,010	24,772	52,310	34,516	89,153	61,010
Other	211,706	110,187	219,340	125,320	289,689	160,920
Total	**901,950**	**511,487**	**1,175,810**	**667,881**	**1,600,304**	**926,383**

	1998		1999		2000	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Champagne						
United Kingdom	32,640	19,175	49,880	27,477	29,886	17,178
New Zealand	8,900	4,395	10,970	4,972	5,881	3,211
United States	3,840	2,998	5,350	3,200	4,191	2,865
Canada	1,400	703	2,120	1,097	878	483
Sweden	1,040	446	1,430	552	1,088	500
Other	5,820	3,585	7,560	4,716	6,441	3,863
Total	**53,640**	**31,302**	**77,310**	**42,014**	**48,365**	**28,100**

	1998		1999		2000	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Other Sparkling Wine						
United Kingdom	1,190	786	4,360	2,183	6,602	3,548
New Zealand	1,540	374	2,760	972	12,444	911
Japan	2,720	1,157	2,300	952	2,079	972
Hong Kong	270	183	590	279	481	838
Sweden	240	74	570	177	486	143
United States	620	839	310	457	1,230	1,001
Other	2,020	1,287	2,420	2,116	4,285	4,038
Total	**8,600**	**4,700**	**13,310**	**7,136**	**27,607**	**11,451**

	1998		1999		2000	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Fortified Wine (incl Sherry, Port, Muscat, Dessert Wine)						
Canada	4,790	1,580	4,520	1,584	5,431	1,843
United Kingdom	6,400	1,513	4,290	1,565	6,527	1,364
United States	3,750	3,907	3,200	2,875	2,853	2,627
New Zealand	2,930	1,278	2,440	1,310	2,623	1,430
Japan	740	484	950	585	739	375
Other	2,300	1,253	2,190	1,059	2,902	1,287
Total	**20,910**	**10,015**	**17,590**	**8,978**	**21,075**	**8,926**

	1998		1999		2000	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Vermouth						
New Zealand	520	255	610	298	656	333
Malaysia	310	112	200	75	290	108
U.A.E	3	1	30	10	17	6
Singapore	150	69	20	11	229	86
Japan	0	1	20	19	2	10
United States	1	3	-	-	-	-
Other	6	41	30	122	171	84
Total	**990**	**482**	**910**	**535**	**1,365**	**627**

	1998		1999		2000	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Other (incl Grape Must)						
New Zealand	na	na	390	339	1,715	1,397
United States	160	317	650	758	1,657	2,100
United Kingdom	1,500	1,306	650	379	1,544	609
Singapore	370	468	480	416	1,166	651
Hong Kong	na	na	310	330	1,142	956
Japan	na	na	230	267	635	405
France	1	2	1,450	284	258	82
Other	4,080	3,416	4,220	1,812	1,535	2,924
Total	**6,110**	**5,507**	**6,390**	**3,704**	**9,652**	**7,681**

	1998		1999		2000	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Total Wine Exports						
United Kingdom	923,860	444,229	1,267,440	566,782	1,497,670	658,610
United States	336,390	224,069	422,330	273,792	602,809	421,159
New Zealand	206,650	53,652	216,150	66,945	210,367	69,172
Canada	80,160	42,817	99,670	56,209	147,988	88,080
Germany	44,360	20,088	97,590	46,294	124,846	53,681
Other	385,800	186,232	451,530	218,844	526,770	263,876
Total	**1,977,220**	**971,087**	**2,554,710**	**1,228,866**	**3,110,450**	**1,554,578**

IMPORTS BY COUNTRY OF ORIGIN (HL &A$'000)						
	1998		**1999**		**2000**	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Champagne						
France	8,650	25,822	14,130	40,988	4,189	13,611
New Zealand	1,530	997	2,220	2,105	870	1,037
Spain	120	69	200	123	876	477
Italy	800	327	200	93	725	378
Germany	20	13	40	18	75	41
United States	3	2	20	39	11	7
Other	837	313	580	410	18	11
Total	**11,960**	**27,543**	**17,390**	**43,776**	**6,764**	**15,562**
	1998		**1999**		**2000**	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Sparkling Wine						
Italy	14,480	10,173	17,130	10,324	3,678	1,877
France	1,780	3,183	2,160	3,523	1,276	1,211
Germany	670	290	1,120	426	534	155
Spain	370	204	840	592	252	130
New Zealand	380	435	780	881	235	69
United States	40	43	10	22	13	11
Other	200	107	800	533	100	73
Total	**17,920**	**14,435**	**22,840**	**16,301**	**6,088**	**3,526**
	1998		**1999**		**2000**	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Table Wine						
Italy	38,170	12,261	18,790	5,496	13,592	4,280
France	20,530	14,841	10,400	6,803	7,153	4,482
New Zealand	18,090	11,275	10,140	8,070	10,584	8,245
Greece	2,830	695	2,810	515	512	109
Germany	3,270	1,272	1,740	764	1,517	496
United States	860	712	290	331	253	209
Other	14,900	6,426	4,950	2,190	3,466	1,711
Total	**98,650**	**47,482**	**49,120**	**24,169**	**37,077**	**19,532**

	1998		1999		2000	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Fortified Wine (incl Sherry, Port, Muscat, Dessert Wine)						
Spain	500	307	180	133	224	193
France	60	80	150	99	57	41
Portugal	30	49	60	143	43	87
Germany	80	28	50	21	52	26
Hungary	-	-	30	10	-	-
United States	1	1	10	10	2	2
Other	259	227	0	41	34	25
Total	930	692	530	457	412	374

	1998		1999		2000	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Vermouth						
New Zealand	3,350	1,546	5,030	2,440	4,957	2,544
Italy	950	445	1,080	504	3,867	1,385
Greece	580	101	720	142	281	57
France	200	111	370	189	488	244
Croatia	30	-	40	13	42	15
United States	50	11	-	-	44	14
Other	170	58	30	76	344	142
Total	**5,330**	**2,272**	**7,270**	**3,364**	**10,023**	**4,401**

	1998		1999		2000	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Other (incl Grape Must)						
Spain	101,010	9,702	38,180	4,054	20,573	1,992
Italy	3,540	1,120	5,860	1,548	1,332	547
Portugal	-	-	2,210	951	1,589	655
France	1,140	487	1,790	1,546	1,115	1,084
Greece	390	122	1,210	285	1,098	283
United States	430	199	320	268	349	269
Other	44,870	4,070	3,110	1,439	2,876	1,139
Total	**151,380**	**15,700**	**52,680**	**10,091**	**28,932**	**5,969**

	1998		1999		2000	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Total Wine Imports						
Italy	57,920	24,310	54,980	22,055	51,913	23,606
Spain	105,070	11,621	42,050	6,147	24,560	4,064
France	32,350	44,523	35,080	59,029	31,808	48,930
New Zealand	26,180	15,666	28,090	19,200	34,473	27,208
Greece	3,980	973	6,020	1,355	3,852	1,023
United States	1,330	968	1,000	995	1,100	960
Other	59,110	9,929	20,120	8,928	19,014	8,584
Total	**285,940**	**107,990**	**187,340**	**117,709**	**166,720**	**114,375**

Stocks

Stock levels reflect commercial judgements about the desirability of making wine requiring long maturation periods, the timing of the vintage compared to the end of the year under consideration, production levels, and the export market. Increased production in recent times has significantly increased stocks, with post numbers indicating a 90 percent increase between 1999/2000 and 2001/02.

Policy

The Government of Australia implemented a new tax system on July 1, 2000. This system replaced a range of taxes, most importantly the wholesale sales tax (WST), with a single Goods and Services Tax (GST) of 10% applied to all goods and services with some exemptions.

Wine previously had a WST of 38.6 percent applied to it at the wholesale level and no other taxes were applied to it. However, on June 30 2000, the WST of 38.6 percent was removed and replaced by the Wine Equalization Tax (WET) of 29 percent which is also levied at the wholesale level. The GST (10 percent) will be levied on every transaction throughout the supply chain. However, unlike the WET, business is allowed to deduct the GST paid on their inputs from GST remitted on their outputs so that they are effectively only taxed by the GST on the value they add.

Media reports around the time the GST was introduced stated that the retail price of wine would increase as a result of the implementation of this new tax system. Industry sources report that since the introduction of the new tax system, the retail price of wine has increased by around three percent.

Marketing

Foreign Market Development

The Australian Wine Export Council (AWEC) is a committee within the Australian Wine and Brandy Corporation (AWBC) which overseas the collaborative wine export promotion program. The committee is composed of representatives from the corporation and the wine industry.

According to the AWBC, the activities of AWEC are funded by the voluntary contributions of participating export companies, a compulsory levy on wine exports, sponsorship and funds provided by the corporation.

United Kingdom

The UK continues to be the largest export market. The Australian Wine Bureau (AWB) maintained a high level of promotional activity at the trade and consumer level.

The UK promotional program was financially supported by a total of 74 companies. These companies represented around 96 percent of branded Australian exports to the UK. Reports state that eight major promotional events were sponsored under this program. More specifically, the AWB report that the "Australia Day" activity held in the UK in January 2001, was highly successful. A selected group of 200 journalists, buyers and agents were invited to preview wines not previously available in the UK.

United States

The AWB reports that in 1999/2000, that membership contributions to the AWB-USA program increased by around 60 percent. Promotion focused on events targeting the wine trade, wine media and consumers. More specifically, the AWB report that the "Australia Day Harvest" activity held in the US in January 2001, attracted over 500 industry people.

Canada

Promotional activities in Canada continue to be conducted by the Eastern and Western Canada Importer Committees with the continued support of Austrade in Toronto and Vancouver in administering the program.

Industry reports that continued marketing success in Canada has led to a decision by AWEC to fund a full time promotional office in Canada. This office was reported to be opened in October 2000 and co-located with Austrade in Toronto.

Scandinavia

The Scandinavian promotional program is directed by an Austrade representative in Stockholm and includes Sweden, Norway, Denmark and Finland. Promotions include tastings, wine and food fairs, and Australia Day promotions and tastings.

Market Profile

Production Policy

Production of grapes for wine making in Australia receives little Government assistance. The government provides funds on a dollar for dollar basis for research and development up to 0.5 percent of the gross value of production.

Commonwealth Government funds are channeled primarily through three organizations: the Commonwealth Scientific and Industrial Research Organization (CSIRO), part of which is used in its Division of Horticulture for grape research; the Grape and Wine Research and Development Corporation (GWRDC) and the Cooperative Research Center for Viticulture (CRCV).

Consumption

See Consumption section in the statistical section of this report.

Market Access

The Australian wine market does not have any quantitative restrictions or import licensing requirements on wine imports. From 1 July 1996 all wine and grape must imports attract a five percent ad valorem import tariff, with the exception of developing countries which enjoy a four percent tariff.

Distribution

Australian wine production is extremely concentrated among producers. While 224 wine making businesses crushed 50 MT or more of grapes during 1997-98 the 131 smallest crushed two percent, while the largest 10 crushed 68 percent of all grapes and produced 70 percent of beverage wine.

The wine export industry is dominated by large companies. It is widely accepted that the ten leading exporters account for over 85 percent of the value of all exports.

Government Support

The Government does not provide export subsidies for wine exports.

Export Regulations

The AWBC licenses all exporters of grape products. Regulations provide that licences may be granted by the Corporation for a period not exceeding three years. In granting licences the following prescribed matters are taken into consideration:

- the financial standing of the applicant;
- the applicant's ability to obtain grape products from Australian suppliers;
- matters applicable to the person that relate to the promotion of the export of grape products, including matters that may affect adversely the export trade in grape products; and,
- whether the Corporation has canceled a licence held by the applicant.

Levy payers (winemakers) applying for an initial licence are licensed for a one year period, but upon application for renewal are licensed for a further three years. In contrast non levy payers (e.g. merchants) are, in either circumstance, licensed for a one year period only.

Licence holders are prohibited from exporting unless certain conditions prescribed in the regulations are complied with. These include requirements that:

- the exporter is a licensee; and
- the corporation has approved:
- (1) the purchaser of the product; or
- (2) the person to whom the product is consigned as an agent or representative of the purchaser, or the licensee, in the country to which the product is consigned; and
- the product is exported in accordance with any directions given to the licensee by the Corporation; and
- the grape product is sound and merchantable; and - the licensee has given the Corporation, or allowed the Corporation to take any samples of the product reasonably required by the corporation for the purpose of determining the soundness and quality of the product; and
- the Corporation has issued an export certificate for the product.

To maintain the quality of Australian wine exports, the AWBC requires that all wines intended for export be subject to organoleptic evaluation by a panel of qualified inspectors. The samples lodged for evaluation must be labeled and accompanied by an analysis certificate, including a declaration that the wine complies with Australian food law and, as appropriate, the law of the importing country. The inspectors (a technical specialist and a commercially oriented marketing expert) assess the soundness and merchantability of the product, and also check labeling.